

**Illinois Department of Revenue
Regulations**

Title 86 Part 530 Section 530.125 Determination of Cost of Covered Prescription Drugs
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**TITLE 86: REVENUE
CHAPTER I: DEPARTMENT OF REVENUE**

**PART 530
SENIOR CITIZENS AND DISABLED PERSONS PROPERTY TAX RELIEF AND
PHARMACEUTICAL ASSISTANCE ACT**

Section 530.125 Determination of Cost of Covered Prescription Drugs

- a) The Department will pay an authorized pharmacy the reasonable cost of pharmaceutical services that such pharmacy provided to a beneficiary pursuant to a physician's oral or written prescription authorization.
- b) Determination of Reasonable Cost. For contracts executed and in effect on or after July 1, 2002, as subject to periodic review, the Department will determine the rate for the reasonable cost of covered prescription drugs for which payment will be made to an authorized pharmacy in an amount equal to:
 - 1) the lesser of:
 - A) the Average Wholesale Price (AWP) for the covered prescription drug minus 14%, based on the National Drug Code (NDC) number for the original package size from which such drug was dispensed (AWP is determined by the most current information provided by drug pricing services such as First DataBank or other source nationally recognized in the retail prescription drug industry selected by the Department's claims processing vendor); or
 - B) the Maximum Allowable Cost (MAC) for the covered prescription drug, based on the MAC list for this program (MAC is determined by the Department's claims processing vendor); or
 - C) the usual and customary cost for the covered prescription drug; plus
 - 2) the professional dispensing fee; less
 - 3) any applicable co-payments, deductibles, and ancillary charges.
- c) Professional Dispensing Fee. For contracts executed and in effect on or after July 1, 2002, as subject to periodic review, the Department shall determine the professional dispensing fee to be charged by authorized pharmacies. The professional dispensing fee shall be in the amount of \$2.55 per prescription.
- d) Payment.

- 1) Payment to authorized pharmacies will be allowed for covered prescription drugs legally marketed in accordance with the rules and regulations of the Food and Drug Administration of the federal Department of Health and Human Services.
- 2) Payment will be at the generic price as provided in subsection (b) unless the following conditions exist:
 - A) an oral prescription is filled, refilled, or renewed for a covered prescription drug that is a brand name product for which no generic equivalent is available; or
 - B) a written prescription is filled, refilled, or renewed for a covered prescription drug that is a brand name product for which no generic equivalent is available; or
 - C) beginning January 1, 2001, an oral prescription is filled, refilled, or renewed for a covered prescription drug that is a brand name product containing one or more ingredients defined as a narrow therapeutic index drug at 21 CFR 320.33 and the prescriber stipulates "brand medically necessary" and that substitution is not permitted; or
 - D) beginning January 1, 2001, a written prescription is filled, refilled, or renewed for a covered prescription drug that is a brand name product containing one or more ingredients defined as a narrow therapeutic index drug at 21 CFR 320.33 and indicates on its face "brand medically necessary" and that substitution is not permitted.
- e) Pharmacy's Cost of On-line Communications. Each authorized pharmacy participating in this program shall pay all costs, charges and fees incurred by the pharmacy that are related to on-line communication and the processing of claims or other information sent to or from the Department or the Department's claims processing vendor.
- f) The reasonable cost of covered prescription drugs available to beneficiaries in this program shall not exceed the cost of such drugs when dispensed to the general public.
- g) In the event that generic equivalents for covered prescription drugs are available at lower cost, the Department shall establish the maximum allowable cost for such covered prescription drugs at the lower generic cost as provided in subsection (b).

(Source: Amended at 28 Ill. Reg. 1133, effective January 2, 2004)